

**SOAH DOCKET NO. 582-08-2863
TCEQ DOCKET NO. 2008-0093-UCR**

APPEAL OF THE RETAIL WATER	§	BEFORE THE TEXAS COMMISSION
AND WASTEWATER RATES OF	§	ON
THE LOWER COLORADO RIVER	§	ENVIRONMENTAL QUALITY
AUTHORITY	§	

**THE EXECUTIVE DIRECTOR'S
EXCEPTIONS TO THE PROPOSAL FOR DECISION**

TO THE HONORABLE COMMISSIONERS:

COMES NOW the Executive Director (ED) of the Texas Commission on Environmental Quality (TCEQ or Commission) and files the following Executive Director's Exceptions to the Administrative Law Judge's (ALJ's) Proposal for Decision (PFD) in the above captioned matter.

I. LIST OF ATTACHMENTS

Attachment A – Table 1 Revenue Requirement (Water)
Attachment B – Table 2 Revenue Requirement (Sewer)
Attachment C – Table 3 Adjustments (N. Heddin) Calculation
Attachment D – Table 4 Customer Class Split-Out Worksheet
Attachment E – Revenue Generation Calculation (Water)
Attachment F – Revenue Generation Calculation (Sewer)

II. SUMMARY

The ALJ's PFD adds a layer of complexity to an already complex case with no benefit to the ratepayers. Nevertheless, pursuant to the ALJ's recommendation, the ED has followed the findings of the ALJ in re-calculating the revenue requirements based on the actual numbers for FY 2007. The record was not fully developed in this respect and in some places the ED had to make assumptions or use budgeted numbers. As seen below, the recalculation does not result in a significant reduction in rates. This is so because (1) the rates set by LCRA, for all three phases, produce revenues less than the ALJ's adjusted revenue requirement and (2) by using LCRA's FY 2007 actual data, instead of the FY 2008 budget, the number of connections is frozen in FY 2007, and there are no adjustments for known and measurable changes. Given these factors, the ED continues to support the original rates as set by the LCRA Board on August 22, 2007. The ED further recommends that LCRA be allowed to recover lost revenue due to the imposition of interim rates as well as rate case expenses.

III. CLARIFICATION

The ED would like to clarify his position with respect to “excess capacity.” The ALJ states in his PFD that the ED and the Districts argued in closing that excess capacity reserve funding should be included as part of the WTC’s Systems’ revenues in setting rates. PFD at 59-60. The ALJ misunderstood the ED’s position. The ED meant merely to acknowledge that, without any compulsion to do so, LCRA included a source of “revenue” in its cost of service to reduce the impact of the rate increase on its customers. The ED notes this again on page 9 of his replies to closing arguments: “In fact, the evidence shows if anything that LCRA subsidizes the Ratepayers (i.e., the WTC Regional Systems) through ‘excess capacity’ funding, as discussed in the ED’s Closing Arguments beginning at page 24. The evidence was not ‘put aside’ by the ED, but acknowledged and weighed strongly in favor of finding that the rates are just and reasonable.” The ED did not mean to *require* LCRA to include “excess capacity” as a source of funding, but merely to observe that it does, and in so doing, subsidizes the rates to the WTC customers. As will be seen below, eliminating this from the revenue requirement, as directed by the ALJ, results in increased rates to customers.

IV. USING ACTUAL FY 2007 DATA

A. Effect of using FY 2007 data

Using FY 2007 actual data does reduce the revenue requirement, as seen on Tables 1 and 2. According to the ED’s calculations, FY 2007 actual data results in a revenue requirement of \$5,950,154 (water residential) and \$1,857,633 (sewer residential). See Attachments A and B. In contrast, the FY 2008 budgeted revenue requirements, recommended by the ED, is \$7,122,796 (water residential) and \$1,837,823 (sewer residential),¹ and the FY2010 revenue requirement, as recommended by LCRA, is \$8,486,042 (sewer residential) and \$1,836,469.² These differences are illustrated below:

¹ ED Ex. 1, Attachment 3; SZ-13 and SZ-14; LCRA Ex. 5 at 44 (water) and at 46 (sewer).

² LCRA Ex. 5 at 44 (water) and at 46 (sewer).

Figure 1: Showing Revenue Requirement under Various Methodologies

	ALJ FY07 Actual	ED FY08 Budget	LCRA FY10 Budget
Water Rev. Req't	\$5,950,154	\$7,122,796	\$8,486,042
Sewer Rev. Req't	\$1,857,633	\$1,837,823	\$1,836,469

Thus, as can be seen by Figure 1 above, the ALJ's adjustments reduce the revenue requirement for water, but increase it for sewer. As the ALJ notes, using FY 2007 actual data does not account for population growth. The ALJ's method also removes excess capacity funding. Using the third phase rates set by LCRA, and holding the FY 2007 number of connections constant at 3,244 for water³ and 1,249 for sewer,⁴ over the three phases of the rate increase, results in revenues generated under the ALJ's method of \$5,884,759 for water and \$1,548,033 for sewer. See Attachments E and F. The revenue shortfall is illustrated below:

Figure 2: Showing Phase 3 Revenue Generation and Shortfall

	ALJ FY07 Actual	ED FY08 Budget	LCRA FY10 Budget
Water Rev. Req't	\$5,950,154	\$7,122,796	\$8,486,042
Rate Revenue (phase 3)	\$5,884,759	\$5,884,759	\$5,884,759
Shortfall	\$65,395	\$1,238,037	\$2,601,283
Sewer Rev. Req't	\$1,857,633	\$1,837,823	\$1,836,469
Rate Revenue (phase 3)	\$1,548,033	\$1,548,033	\$1,548,033
Shortfall	\$309,600	\$289,790	\$288,436

Thus, under no revenue requirement scenario, including LCRA's own, does LCRA's rates meet its revenue requirement. In fact, LCRA set rates *lower* than it could have justified had it used actual data. It remains the ED's position that despite which of the methods discussed in the PFD is used to calculate a revenue requirement, by any reasonable calculation, LCRA is under-recovering its revenue requirement; therefore, its rates are not unreasonable.

B. Effect allocating shared/indirect expenses based on direct labor

Because the revenue requirement generated by using direct labor as an allocator are not

³ See LCRA Ex. 5, MF-8 (direct-testimony, M. Fishbeck).

met by the rates originally set by LCRA, the ED found that it was reasonable to allocate certain costs based on volume, as applied by LCRA. This is not to say that volume will be a reasonable allocator in every instance. The ALJ's objection with using volume as an allocator was that there was no credible evidence that the costs that are allocated by LCRA vary in accordance with the volume of water (FOF#70) and that the decision to do so was based on an accounting decision as opposed to an engineering or operations one (FOF#72). The ALJ concluded that direct labor is a better alternative (FOF#75). However, accounting is an integral part of managing a retail public utility and setting rates. A retail public utility must consider financial implications in its decisions, not solely technical or managerial issues. The record reflects that it would not be cost effective for LCRA to log and track direct labor hours,⁵ therefore, there could be countervailing financial reasons for not using direct labor as an allocator. Moreover, even using volume as an allocator, LCRA set rates that produce revenues below its revenue requirements. Therefore, the ED cannot find that doing so is unreasonable.

V. EXPLANATION OF CALCULATIONS AND ATTACHMENTS

To the best of his ability, the ED re-calculated the revenue requirements, as directed by the ALJ, based on actual FY 2007 data. See Attachments A – D. Based on the revenue requirements, the ED then calculated revenue generated by LCRA's own rates. See Attachment E and F. What follows is an explanation of these attachments.

A. Revenue Requirements and Adjustments: Tables 1 and 2

In arriving at the ALJ's revenue requirements, the ED took the actual FY 2007 data as a starting point (FOF#51). See Column C, Table 1, (water) and Table 2 (sewer). For actual FY 2007 data, the ED used LCRA Exhibit 4, SK-4. The ED then made the adjustments as directed by the ALJ, which appear in Column D of Tables 1 and 2 (Attachments A and B).

1. Allocated Expenses

The ED's adjustments, pursuant to the ALJ's direction, begin under line 25, Table 1. Direct labor was used as an allocator instead of volume for WWUS (FOF#75).

⁴ See LCRA Ex. 5, MF-7(direct-testimony, M. Fishbeck).

⁵ Tr. 1121:6–1122:10 (cross-examination of S. Kellicker); Tr. 598:6-23 (cross-examination of J. Travis).

Therefore, lines 25 – 28 (Table 1, Water) and lines 29 – 32 (Table 2, Sewer) were recalculated as follows: Column A number divided by volume times direct labor equals Column D number. To illustrate, for water, using Table 1: Water/Wastewater Common: $\$2,110,635 / 0.639 \times 0.21 = \$693,636$. The same calculation was made on Table 2 for sewer. The multipliers were derived as follows: The 0.639 (63.9%) was taken from BC-77,⁶ column labeled “Overhead less NBD” by taking the total overhead for the West Travis County Regional System of \$2,650,154 and dividing that by the grand total overhead at the bottom of the same column of \$4,145,958, which equals 0.639. The 0.21 (21%) for direct labor was taken from Nelissa Heddin’s testimony (Exhibit BC-60).

2. Adjustments-N. Heddin

Next, under line 29, Table 1, the ED removed certain expenses, using the direct testimony of Nelissa Heddin (FOF#91). The calculation of this number appears on Attachment C (Table 3), discussed below. The calculation on Table 3 is a simplified presentation of the adjustments that accounts for the change in allocation factors from volume to director labor.⁷

Attachment C, Table 3. Here, the ED used the list of expenses from the PFD Finding of Fact 91 (pages 14-15) and BC Exhibits 24-36 and Nelissa Heddin’s direct testimony pages 70-71 to calculate the appropriate reduction to the cost of service pursuant to the ALJ’s ordered exclusion of expenses. The first column shows the source of the number. The next five columns place the expenses into the cost pools based on the ED’s understanding of where the expenses should have been recorded. The amounts are totaled for the various cost pools in the

⁶ The ED understands that Exhibit BC-77 is the FY 2007 business plan, which includes volume allocations. The ED used the numbers from the business plan because the ED could not locate the actual numbers within the record. The ED believes that using actual numbers would produce no material effect on the rates.

⁷ These adjustments were only made to Table 1 (water) because no direction was given by the ALJ to make these adjustments for sewer. Additionally, to the best of the ED’s knowledge, such information was not introduced into the record, given that Bee Caves did not protest the sewer rates. Nevertheless, the ED does not believe that removing such expenses from the actual sewer cost of service would have a material effect on the sewer rates in this case.

third to last row of the spreadsheet and the appropriate allocation factor for each pool is used to determine the adjustment after the change in allocation from volume to direct labor. The total reduction of \$305,714 is then brought into Table 1 (Adjustments-N. Heddin).

3. Debt Service

The Debt Service numbers of \$4,549,074 (line 32, Table 1) and \$1,857,034 (line 25, Table 2) in column D are taken directly from the PFD page 47.

4. Operations Reserve

The Operations Reserve, on lines 33 (Table 1) and 36 (Table 2) was taken from SK-4. SK-4 provides a budgeted number; the ED could not find an actual FY 2007 operations reserve number to use. The ED does not believe that using the actual data would have a material effect on the rates.

5. Debt Service Coverage

The Debt Service Coverage numbers on lines 34 (Table 1) and 37 (Table 2) was derived by multiplying the Debt Service number by .25 (FOF#116). Thus, for water, the ED took the Debt Service of \$4,549,074 times .25, which equals \$1,137,269. The ED made the same calculation for sewer on Table 2.

6. Community Development

The Community Development number on lines 35 (Table 2) and 38 (Table 2) was calculated using Mickey Fishbeck's direct testimony, LCRA Exhibit 5, page 30. The calculation is shown on Table 3 (Attachment C).

7. Non-Rate Revenues

The Non-Rate Revenues on lines 38 (Table 1) and 40 (Table 2) are taken from LCRA Exhibit SZ-13 (water) and SZ-14 (sewer). The ED was unable to locate actual non-rate revenue numbers for FY 2007 in the record. The ED does not believe that using the

actual data would have a material effect on the rates. The ED therefore used the budgeted numbers from SZ-13 and SZ-14, and excluded the “excess capacity funding” on line 39 (Table 1), pursuant to FOF#126.

8. Customer Classes

LCRA serves several customer classes within the WTC County Regional System. Only the residential customer class was protested. Thus, in order to ascertain the revenue requirement for the residential customers only, the ED had to remove all non-residential revenue requirements. The ED could not locate the actual numbers for the split-out into customer classes within the record. Therefore, the ED estimated the split-out on Table 4 (Attachment D). On Table 4, the first column are the 2007 customer class revenue requirements given by Mickey Fishbeck’s direct testimony, LCRA Exhibit 5, pages 44 (water) and 46 (sewer). The second column takes the total cost of service from Tables 1 and 2 and distributes this to the different customer classes based on a pro-rata share of the 2007 budgeted numbers. For example, the percentage for residential is calculated as follows: $\$6,541,975 / 9,974,149 \times \$10,576,321 = \$6,936,936$. Removing residential cost of service from the third column produces estimated totals for Non-residential classes of \$3,639,386 (water) and \$1,068,740 (sewer). These are then brought into Tables 1 and 2 and removed from the total cost of service to obtain Residential Cost of Service.

B. Rates

The ALJ recommends following the rate design set out in ED witness Ms. Graham’s testimony. PFD at 61. Ms. Graham testimony recommends using the rates adopted by LCRA.⁸ Therefore, using the third phase of the rate increase adopted by LCRA, the ED calculated that LCRA’s rates would not exceed even the FY 2007 revenue requirement. See Attachments E and F. Thus, even under full implementation, LCRA is not meeting its revenue requirements for FY 2007, much less for budgeted FY 2009. Therefore, the ED cannot recommend an adjustment to LCRA’s rates.

Additionally, as noted by the ALJ in his PFD, “In an appeal under Subsection (b) of this

⁸ ED Ex. 2 at 7:6-17 (direct testimony of H. Graham).

section, the commission shall hear the appeal de novo and shall fix in its final order the rates the governing body should have fixed in the action from which the appeal was taken.” TWC § 13.043(e). Accordingly, the Commission has an affirmative duty to set the rates LCRA should have fixed on August 22, 2007. As seen in Attachments E and F, LCRA—and the Commission—could justify fixing rates at higher levels than those that are the subject of this appeal.

Rate making is a practice used to produce future rates. As such, estimates and projections, data interpretation, and professional judgment are necessary. This would be true even if the record were re-opened to determine a level of “known and measurable” changes appropriate to use with the ALJ’s recommended FY 2007 year. LCRA’s methodology for setting its rates was determined and implemented over several years. The rates for retail water customers are only a minor part of LCRA’s business, as a whole. The ED asserts that while the ratesetting methodology of LCRA was not perfect, the resulting rates were, and continue to be, just and reasonable and non-discriminatory. LCRA is not required by the Texas Water Code to use any given methodology to set a rate other than one (of many available) which will produce a just and reasonable, non-discriminatory rate.

VI. RATE CASE EXPENSES

The ED excepts to Finding of Fact # 137 because using the FY 2007 actual numbers as directed by the ALJ, the Order does not lead to rates that are a significant reduction from LCRA’s third-phase rates. As seen on Figure 2 above, LCRA’s third-phase rates do not result in recovering more revenue than the revenue requirement. Accordingly, the ALJ’s premise for denying recovering rate case expenses is erroneous. Therefore, LCRA should be able to recover its rate case expenses.

VII. SUMMARY OF RECOMMENDATIONS

Based on the adjustments to the cost of service as requested by the ALJ in his PFD, the ED finds that the revenue generated from the water rate using LCRA’s proposed rates and FY 2007 data, does not exceed the adjusted annual revenue requirement. Therefore, the ED recommends that the water rates adopted by LCRA’s Board of Directors on August 22, 2007, effective in October 2007, October 2008, and October 2009 be approved as the final rates for the West Travis County Regional System.

Based on the adjustments to the cost of service requested the ALJ in his PFD, the ED finds that the revenue generated from the sewer rate using LCRA's proposed rates and FY 2007 data, does not exceed the adjusted annual revenue requirement. Therefore, the ED recommends that the sewer rates adopted by LCRA's Board of Directors on August 22, 2007, effective in October 2007, October 2008, and October 2009 be approved as the final rates for the West Travis County Regional System. The ED makes the following recommendations:

1. Approve the rates set by the LCRA Board of Directors on August 22, 2007.
2. Allow LCRA to implement the third phase of its rate increase.
3. Allow LCRA to recover lost revenue resulting from the interim order.
4. Allow LCRA to recover rate case expenses.

The ED makes recommendation #1 above not because the ED endorses the method LCRA used in arriving at its rates, but because by any other method, whether the one recommended by the ALJ or the ED, LCRA does not generate sufficient revenue to meet its revenue requirement. In other words, LCRA can justify all three phases of its rate increase regardless of methodology used. Recommendations #2 through 4 naturally follow from recommendation #1.

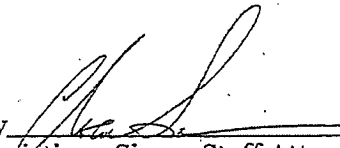
VIII. CONCLUSION

LCRA's decision to set rates lower than it could justify is a business decision the ED does not believe he can countermand. LCRA's third phase rate increase does not meet the ALJ's revenue requirement. The ED recommends the Commission reject the PFD, adopt all three phases of LCRA's rate increase as final, allow the recovery of lost revenue and rate case expenses, and make changes to the Order consistent with the above recommendation.

Respectfully submitted,

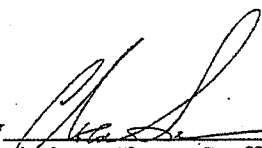
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CERTIFICATE OF SERVICE

I hereby certify that on this 28th day of February, 2011 a true and correct copy of the foregoing document was delivered via electronic mail, facsimile, hand delivery, interagency mail, or by deposit in the U.S. Mail to all persons on the attached mailing list.

By 
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Table 1 West Travis County Water Cost of Service		2007-2008 Budget Column A	B	From SK-4 C	Adj'd Cost of Service D
1 Expenses				06/07 Actual Expenses	Per ALJ's PFD
2 O&M Expense					
3 Labor-Operations	\$296,352			\$342,552	\$342,552
4 Labor-Engineering/Plan/Safety	92,200			82,689	82,689
5 Labor-Professional	5,851			51,303	51,303
6 Labor-Other	14,447			5,851	5,851
7 Materials and Supplies	97,686			210,879	210,879
8 Chemicals	130,972			121,497	121,497
9 Transportation	1,809			5,737	5,737
10 Outside services	103,324			73,692	73,692
11 Property Acq./Leases/Rentals	1,980			22,607	22,607
12 Employee Business Expenses				667	667
13 Utilities-Sewer, Natural Gas				-	-
14 Utilities-Electric	768,502			765,293	765,293
15 Utilities-Telephone	13,266			11,594	11,594
16 Raw Water - Reservation Fees	158,174			228,459	228,459
17 Environmental Regulatory Fees	6,539			3,208	3,208
18 Internal LCRA Services Charges	10,461			7,321	7,321
19 Other Expenses				21,080	21,080
20 Subtotal Direct Labor plus O & M	\$1,701,563			\$1,954,429	\$1,954,429
21 Allocated Expenses:					
22 Operational Center	117,798			92,939	92,939
23 Regional	521,256			546,348	546,348
24 Customer Service	397,659			386,077	386,077
25 Water & Wastewater Common	1,113,444			2,110,635	693,636 (changed from 63.9% to 21%)
26 Water Services Overhead	1,015,404			770,560	253,236 (changed from 63.9% to 21%)
27 Water Services New Business	255,402			168,492	55,373 (changed from 63.9% to 21%)
28 Net Residual Corporate	261,312			416,309	136,815 (changed from 63.9% to 21%)
29 Adjustments- N. Heddin					(305,714) See Table 3
30 Sub-total Shared & Indir. O&M	3,682,275			4,491,360	1,858,710
31 Total O & M Expenses	5,383,838	(1)		6,445,789	3,813,139
32 Debt Service (DS)	5,728,675			4,549,074	4,549,074 PFD page 47
33 Operations reserve	0			179,997	179,997 Budget-SK-4
34 Debt Service Coverage (DSC)	1,432,169			\$ 1,137,269	\$ 1,137,269 DS times 25 %
35 Community Development	349,434			\$ 298,333	\$ 263,515 Table 3
36 Raw Water Expense	575,983			\$ 494,378	\$ 494,378 SZ-13 - "Budget 2007"
37 Total Costs of Service	13,470,099	(4)		\$ 13,104,840	\$ 10,437,371
38 Non Rate revenues	(2,191,885)				\$ (1,658,645) SZ-13
39 Excess capacity fund add					\$ 763,000 PFD page 59
40 Sub-total	11,278,214	(2)			\$ 9,541,726
41 Less: Wholesale & Non-Resid.	(4,155,417)				\$ (3,591,572) See Table 4
42 Residential Water Costs	\$ 7,122,797	(3)			\$ 5,950,154

43
44 (1) Reconciles to SK-7, "Total Operations & Maintenance" for 2007-08

45 (2) Reconciles to SZ-13

46 (3) Reconciles to Mickey Fishbeck DT Page 44, FY 2008 Total of "Water Retail Revenue Requirements"

47 (4) Reconciles to SK-4 (Column C)

Table 2 West Travis County Sewer Cost of Service		2007-2008 Budget Column A	B	From SK-4 C	Adj'd Cost of Service D
1 Expenses				06/07 Actual	Per ALJ's
2 O&M Expense				Expenses	PFD
3 Labor-Operations	149,555			113,642	113,642
4 Labor-Engin'g/Plann'g/Safety	20,030			15,632	15,632
5 Labor-Cust Service/Reg'l Mgt				3,085	3,085
6 Labor-Professional	-			10,648	10,648
7 Labor-Other	1,806			278	278
8 Sub-total-Direct Labor	171,391			143,285	143,285
9 Materials and Supplies	11,536			41,538	41,538
10 Chemicals	20,291			10,324	10,324
11 Transportation	-			1,007	1,007
12 Outside services	14,497			72,779	72,779
13 Outside legal services				10,765	10,765
14 Sludge Disposal	98,365			94,829	94,829
15 Property Acq/Lease/Rental	92,700			90,000	90,000
16 Employee Business Exp				323	323
17 Utilities-Water, Swr, Gas				9,227	9,227
18 Utilities-Electric	99,414			120,293	120,293
19 Utilities-Telephone	5,665			5,768	5,768
20 Raw Water-Reserv. Fees	-			-	-
21 Environ. Regulatory Fees	824			822	822
22 Internal LCRA Services	9,925			8,711	8,711
23 Other Expenses				10	10
24 Subtotal Direct O & M	524,608			609,681	609,681
25 Allocated Expenses:					
26 Operational Center	59,201			55,255	55,255
27 Regional	38,955			11,018	11,018
28 Customer Service	153,590			124,547	124,547
29 Water/WWW Common	83,211			110,128	36,192
30 Water Services Overhead	75,883			84,640	27,816
31 Water Svc New Business	19,087			13,888	4,564
32 Net Residual Corporate	19,529			38,303	12,588
33 Sub-ttl Shared/Indir. O&M	449,456			437,779	271,980
34 Total O & M Expenses	974,064	(1)		1,047,460	881,661
35 Debt Service (DS)	1,863,873	(2)		1,857,034	1,857,034
36 Operations reserve	5,185			47,340	47,340
37 Debt Service Coverage (DSC)	465,968			464,259	464,259
38 Community Development	84,063			84,901	84,969
39 Total Costs of Service	3,393,153			3,500,994	3,335,263
40 Non-rate revenues	(507,000)				(418,000)
41 Sub-total	2,886,153				2,917,263
42 Less: Commercial/Multi fam	(1,048,330)				(1,059,630)
43 Total Residential COS	1,837,823	(3)			1,857,633

(changed from 63.9% to 21%)

(changed from 63.9% to 21%)

(changed from 63.9% to 21%)

(changed from 63.9% to 21%)

PFD, at 47

SK-4

DS times 25%

Table 3

SZ-14

See Table 4

45 (1) Reconciles to SK-8, 2007-08 Budget Column

46 (2) From Table SK-4, 2008, on page 23 of Stephen Kellicker Direct Testimony

47 (3) Reconciles to Mickey Fishbeck DT* Page 46, FY 2008 Total "Wastewater Revenue Requirements"

48 *DT is Direct Testimony

28-Feb-11

Table 3
Adjustments totalled in Cost Centers
From PFD Page 33

	Operational Center	Regional	Customer Service	Water & /WW Common	Water Services Overhead	Water Services New Business	Check Total
BC 24	19,726	1,378		92,021		1,307	114,432
BC 25	18,535	28			385		18,948
BC 26				7,862	12,100		19,962
BC 27				51,958	10,867		62,825
BC 28			3,032	135,105	148,486		286,623
BC 29			115,841	13,655	65,748		195,244
BC 30					22,500		22,500
BC 31				34,550			34,550
BC 32	2,400			254			2,654
BC 33					12,703		12,703
BC 34					10,896		10,896
BC 35			18,389	22,421			40,810
BC 35-a	16,460						16,460
BC 51				373,194			373,194
BC 1 at 71:9-14	10,069						10,069
Totals	67,190	1,406	137,262	731,019	283,685	1,307	1,221,870
Allocation factor	0.581	0.821	0.380	0.210	0.210	0.210	
WTC water reduct	39,037	1,154	52,160	153,514	59,574	274	305,714

(to Table 1)

Community Development Calculation	Water	Wastewater
Total O & M Expenses	\$ 3,813,139	881,661
Debt Service (DS)	4,549,074	1,857,034
Operations reserve	179,997	47,340
Debt Service Coverage (DSC)	\$ 1,137,269	464,259
Less: Non Rate Revenues (NRR)	\$ (1,658,645)	(418,000)
Plus: Excess Cap. Funding in NRR	\$ 763,000	\$ -
LUE Res. Charges (in NRR)	-	-
Total	8,783,834	2,832,294
Times 3% - Total Comm Developmt	263,515	84,969

(To Tables 1 & 2)

Table 4

Water Revenue Requirements Calculation

Class	FY 2007 Bgt	ESTIMATED SPLIT	NON RES RATE REVENUES ESTIMATE
Residential	\$6,541,975	\$6,845,799	
Commercial	\$1,646,406	\$1,722,869	\$1,722,869
Construction	\$206,896	\$216,505	\$216,505
Multifamily	\$42,167	\$44,125	\$44,125
Wholesale	\$1,536,705	\$1,608,073	\$1,608,073
Total	\$9,974,149	\$10,437,371	\$3,591,572

Wastewater Revenue Requirements

Class	FY 2007	Estimated Split	Non Res Rate Revenues Estimate
Residential	\$1,837,823	\$1,857,633	
Commercial	\$952,950	\$963,222	\$963,222
Multifamily	\$95,380	\$96,408	\$96,408
Total	\$2,886,153	\$2,917,263	\$1,059,630

28-Feb-11

SOAH DOCKET NO. 582-08-2863
TCEQ DOCKET NO. 2008-0093-JCR

Revenue Generated by Existing Rates	Existing Rate
RATES	Using
Base Rate	Historical FY 2007
5/8"	\$ 27.50
3/4"	41.25
1"	55.00
1 1/2"	110.00
2"	176.00
3"	352.00
4"	550.00
6"	825.00
8"	1,375.00
12"	3,300.00
Volumetric Charge per tier	
1,001 - 10,000	2.80
10,001 - 25,000	3.50
25,001 - 50,000	5.75
50,001 +	6.50
Revenue Generated by Existing Rates	
Base Rate	Using
5/8"	2,993
3/4"	237
1"	12
1 1/2"	1
2"	1
3"	1
Total	3,244
Gallons Billed	from BC gallonage calc water rev worksheet
1,001 - 10,000	240,333,333.8
10,001 - 25,000	10,000
25,001 - 50,000	220,616,623.3
50,001 +	118,546,681.9
Total	620,953,205.5
REVENUE	
Base Rate	Using
5/8"	\$ 987,690.00
3/4"	\$ 117,315.00
1"	\$ 7,920.00
1 1/2"	\$ 1,320.00
2"	\$ 2,112.00
3"	\$ -
Total revenue generated by base rates	\$ 1,116,357
Volumetric Revenue	
1,001 - 10,000	673,045
10,001 - 25,000	772,158
25,001 - 50,000	680,493
50,001 +	268,168
Total revenue generated by Volumetric Usage	\$2,393,864.69
Revenue Generated by Existing Rates	
Revenue Required Over / (Under) Recovery	\$ 5,950,154
Percentage of (Under) Recovery	(3.556,289) 149%

Revenue Generated by Proposed Rates	Phase 1 Rate FY 2007	Phase 2 Rate FY 2008	Phase 3 Rate FY2009
RATES	Using	Using	Using
Base Rate	Budget FY 2008	Historical FY 2007	Budget FY 2010
5/8"	\$ 30.00	\$ 30.00	\$ 31.65
3/4"	45.00	45.00	47.50
1"	75.00	75.00	79.15
1 1/2"	150.00	158.25	158.25
2"	240.00	253.20	253.20
3"	480.00	506.40	506.40
4"	720.00	791.25	791.25
6"	1,500.00	1,582.50	1,582.50
8"	2,000.00	2,532.00	2,532.00
12"	3,500.00	3,639.75	3,639.75
Volumetric Charge per tier			
0 - 10,000	\$3.30	\$3.80	\$5.10
10,001 - 20,000	4.10	5.00	6.30
20,001 - 25,000	4.60	6.00	8.60
25,001 - 50,000	6.70	8.10	10.30
50,001 +	8.50	10.20	13.00
Revenue Generated by Proposed Rates			
Base Rate	Using	Using	Using
5/8"	4027	2,993	2,993
3/4"	319	237	237
1"	16	12	12
1 1/2"	1	1	1
2"	1	1	1
3"	1	1	1
Total	4365	3,244	4365
Gallons Billed	from 2007-2008 projected meters Table 2W (Average Meters)	LCRA Ex. MF-8 Table 2W (Average Meters)	from 2007-2008 projected meters Table 2W (Average Meters)
0 - 10,000	287,748,769	260,130,048	287,748,769
10,001 - 20,000	184,047,798	166,382,510	184,047,798
20,001 - 25,000	59,992,297	54,234,113	59,992,297
25,001 - 50,000	130,911,763	118,346,582	130,911,763
50,001 +	45,636,998	41,256,664	45,636,998
Total	708,337,625	640,349,918	708,337,625
REVENUE			
Base Rate	Using	Using	Using
5/8"	\$ 1,449,815	\$ 1,077,480	\$ 1,529,555
3/4"	\$ 172,205	\$ 127,980	\$ 181,772
1"	\$ 14,532	\$ 10,800	\$ 15,336
1 1/2"	\$ 2,422	\$ 39,600	\$ 2,555
2"	\$ 3,875	\$ 63,360	\$ 4,088
3"	\$ -	\$ -	\$ -
Total revenue generated by base rates	\$ 1,642,849	\$ 1,319,220	\$ 1,733,307
Volumetric Revenue			
1,001 - 10,000	949,571	859,728	1,093,445
10,001 - 20,000	784,506	720,720	831,913
20,001 - 25,000	276,956	248,472	326,405
25,001 - 50,000	677,109	792,972	1,060,385
50,001 +	387,914	350,682	465,497
Total revenue generated by Volumetric Usage	3,245,155	2,933,678	3,899,521
Revenue Generated by Proposed Rates			
Revenue Required Over / (Under) Recovery	\$ 4,888,004	\$ 4,257,898	\$ 5,632,927
Percentage of (Under) Recovery	(2.234,752) 46%	(1.697,250) 40%	(1,136,751) 24%

Petition, LCRA Board Agenda, Exh B

Petition, LCRA Board Agenda, Exh B

Table 1W, 2006-2007 Total Annual Usage
BC gallonage calc water rev worksheet
BC, RFP-1-LF-2-C-2-F, Exhibit W-3.xlsx

Base rate x no. of meters x 12 months

(No. of total gallons in tier/1000) x volumetric rate

Volumetric rate + base rate

5,984,759
389,054
(65,395)
1%

Sewer Revenue Generated by Proposed Rates

ATTACHMENT F